

# Commercial, Cultural, Community Space

Community-Driven Outcomes in Affordable Housing

February 27, 2018

# Ground Floor Opportunity for Developers

## 1. **EARLY ENGAGEMENT**

- Explore opportunities with commercial space *before* project is funded
- Work with community-based groups and neighborhood business district organizations
- Recognize that communities include multiple interest groups
  - Seek out and engage various stakeholders
  - Go to small business owners (in language as needed)
- Consider neighborhood context and commercial space needs – what is the opportunity?

# Ground Floor Opportunity for Developers

## 2. FEASIBILITY

- Understand the customer base and community needs
  - Who lives and who shops in the neighborhood?
  - What is the current business mix? Where are the gaps?
- Location, location, location
  - Access, visibility & parking
- Design for efficiency
  - Communal bathrooms
  - Outdoor commercial space
  - Signage
- Don't forget to budget for tenant improvements!

# Community-based retail MATCHMAKING

- Track and anticipate vacancies
  - Build relationships with property owners, managers & developers
  - Understand what will work for particular spaces & locations
- Business recruitment
  - Develop a list of target prospects
  - Network – brokers, businesses, property managers
  - Qualifications – years of experience, business plans and financial statements/projections
  - Provide referrals to business support services, small biz lenders, architects, contractors
- Business retention
  - Identify small biz needs, provide referrals and convenient educational opportunities
  - Track lease renewals
  - Can displaced businesses be re-located to new development?
- **It's all about timing.**

# Challenges and Opportunities

- Redevelopment activity driven by residential
  - Ground floor as an opportunity to make project successful—local businesses, cultural spaces
- Tenant Improvements
  - Access to low-cost financing or grants
  - Speed up TI permitting and provide assistance with process



Louisa Hotel

# What is Commercial Affordability?

- Simple answer: Rent at 6-10% of total revenues
- Real answer: Small business **sustainability** is not limited to rent
  - Many businesses face challenges more significant than rent acceleration
  - Helping existing businesses stay in place involves:
    - Adapting to shifting customer expectations
    - Managing increasing costs of doing business in Seattle
    - Building financial savvy & expanding access to affordable debt
- Not the same as housing affordability
  - Businesses are profit-making ventures & involve risk
  - Capital development subsidy sources for commercial are limited
  - Washington State legal restrictions



# Resources for Commercial and Cultural Spaces

- Ken Takahashi, Business Finance Advisor, Office of Economic Development
- Matthew Richter, Cultural Space Liaison, Office of Arts and Culture



# Affordable Commercial Resources

- Business Consulting Support
  - Lease education, space design, and financing consultant assistance to help evaluate options whether to remain in their current location or lease new space
- Financing
  - Tenant improvement funding for 2-3 projects
- Policy Initiatives
  - Improved community input in design review process
  - Co-locating affordable commercial uses in public properties
  - Longer-term recommendations such as property tax adjustments when affordable commercial uses maintained rather than leasing for highest market value





# **Cultural Space Agency**

## **Opportunities and Resources**



- SpaceLab NW (dot com)
- Cultural Facilities Fund
- Matchmaking Resources
- FAR Bonus
- SDCI Liaison
- Cultural District Tools
- BASE Certification for Ppl
- Square Feet Seattle
- Cultural Space Holding Entity



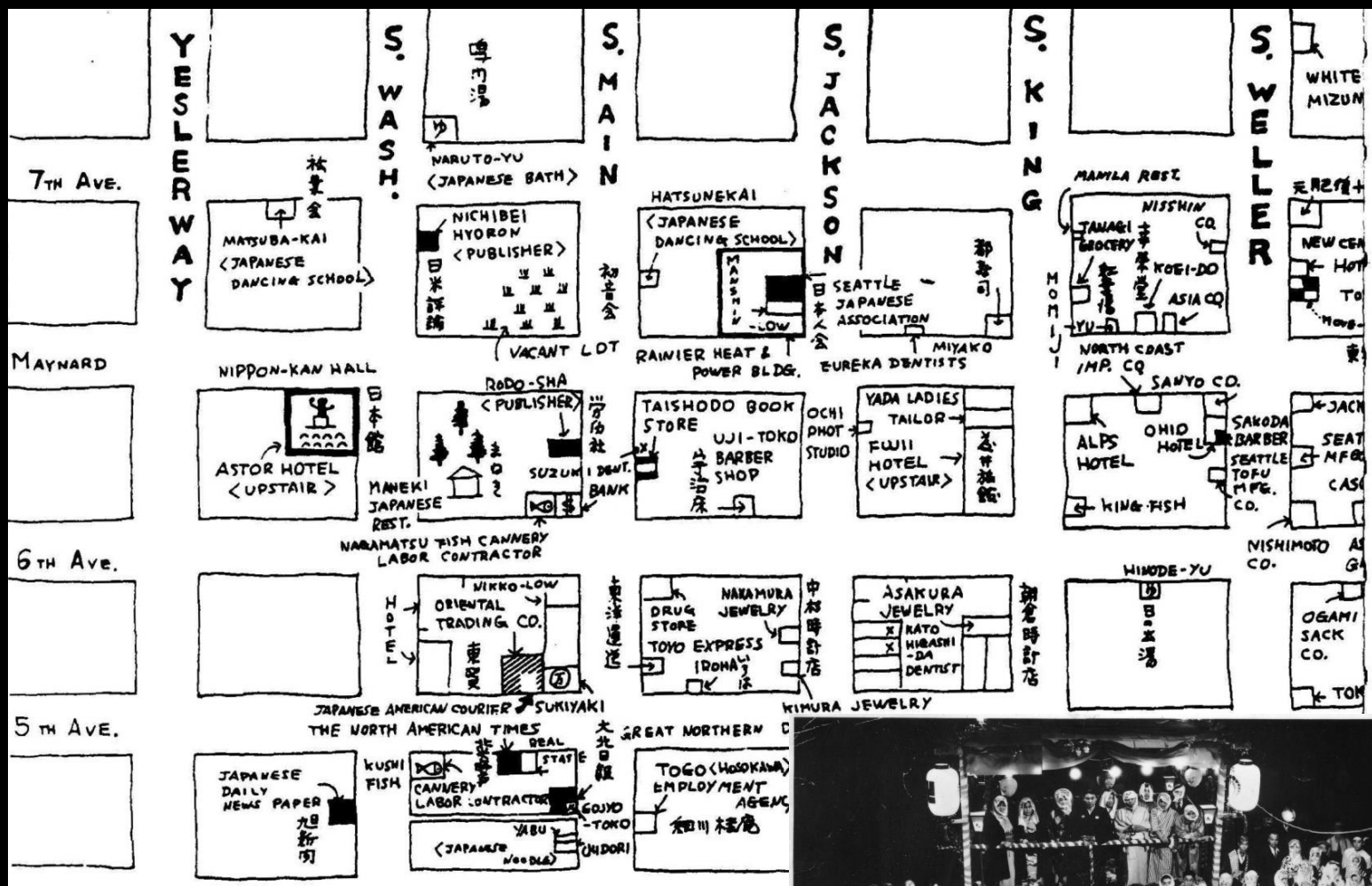


Leslie Morishita, Real Estate Development Director  
Interim Community Development Association





















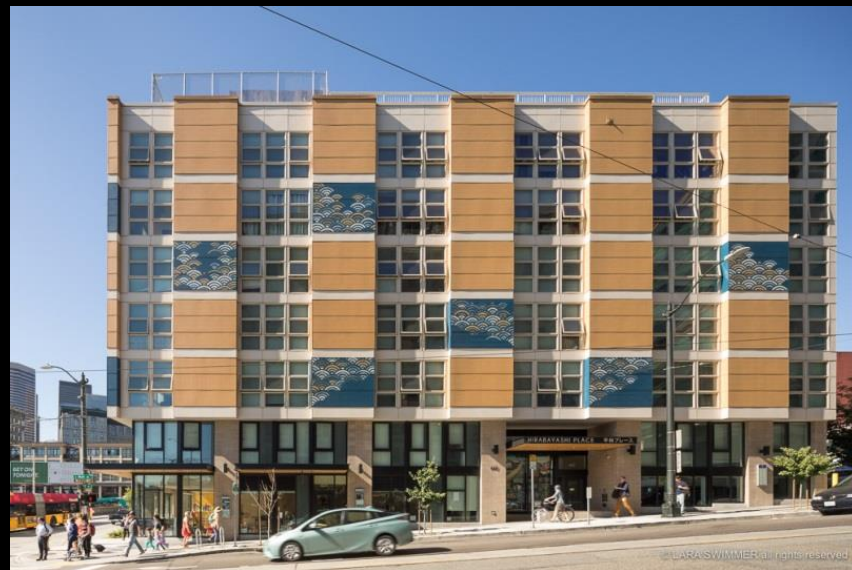


# Samaki Commons



























# Discussion Questions

- At what point in the process would you like “early engagement” to happen? What does this look like, from your perspective?
- For affordable housing developers, can you speak to the challenge of committing to an affordable commercial concept? What is the risk issue from your perspective, e.g. unknown pipeline of prospective businesses, commercial property management?
- What kind of financing would be most valuable? What other types of tools or business resources would be valuable?
- What do successful ground floor uses look like and how can they contribute to creating a vibrant community?